

STATE OF ALASKA
STATE BOND COMMITTEE

DEPARTMENT OF REVENUE
COMMISSIONER'S CONFERENCE ROOM

Juneau, Alaska

June 6, 2016

11:00 A.M.



STATE BOND COMMITTEE AGENDA FOR BOARD OF DIRECTOR'S MEETING

**Alaska Department of Revenue
Commissioner's Conference Room
333 Willoughby Avenue
State Office Building, 11th Floor
Juneau, Alaska 99811**

June 6, 2016 at 11:00 A.M.

- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. Approval of Agenda**
- V. Minutes of January 5, 2016 State Bond Committee Meeting**
- VI. Public Participation and Comment**
- VII. New Business**
 - A. Resolution 2016-07 – Authorizing 2016 B \$150 million General Obligation Bond Issue**
 - B. Resolution 2016-06 – Authorizing 2016 Goose Creek Correctional Facility refunding Issue.**
 - C. Resolution 2016-08 – Authorizing Issuance of Veteran's Mortgage Bond to refinance existing bonds**
 - D. Debt Manager's Report**
- VIII. Committee Member Comments**
- IX. Schedule Next Meeting**
- X. Adjournment**

Notice of Meeting - State Bond Committee - Board of Director's Meeting

STATE BOND COMMITTEE AGENDA FOR BOARD OF DIRECTOR'S MEETING

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- C. Resolution 2016-08 - Authorizing Issuance of Veteran's Mortgage Bond to refinance existing bonds**
- D. Debt Manager's Report**

VIII. Committee Member Comments

IX. Scheduled Next Meeting

X. Adjournment

[Attachments, History, Details](#)

Attachments

[State Bond Committee - BOD - AGENDA 6-6-16.pdf](#)

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**MINUTES of the
STATE BOND COMMITTEE
January 5, 2016**

A meeting of the State Bond Committee was held at 10:31 a.m. ASDT on January 5, 2016 at the Department of Revenue, Commissioner's Conference Room, Juneau, Alaska (333 Willoughby Avenue, State Office Building, 11th Floor, Juneau, Alaska 99811).

State Bond Committee Members present were:

John Boucher, Deputy Commissioner, Department of Administration
Jerry Burnett, Deputy Commissioner, Department of Revenue
Fred Parady, Deputy Commissioner, Department of Commerce, Community & Economic Development

Also present were:

Deven Mitchell, Debt Manager, Department of Revenue
Ryan Williams, Op. Research Analyst, Department of Revenue

Present telephonically were:

Susan Barry, Orrick, Herrington & Sutcliffe, LLP
Angela Trout, Orrick, Herrington & Sutcliffe, LLP
Cynthia Weed, K&L Gates, LLP
Kerry Salas, K&L Gates, LLP
Pete Nissen, Acacia Financial Group
Scott Beall, Acacia Financial Group
Brian Olin, Goldman Sachs

I. Call to Order

Mr. Parady called the meeting to order at 10:31 a.m. ASDT on January 5, 2016.

II. Roll Call

Mr. Mitchell took roll call. Mr. Parady, Mr. Burnett, and Mr. Boucher were present. All members present, there was a quorum.

III. Public Meeting Notice

A copy of the Affidavit of Publication concerning the date, location, and purpose of the meeting was reviewed and made a part of the minutes of the meeting. Mr. Mitchell stated the meeting notice was advertised in the State's Online Public Notice - The notice was officially published on December 21, 2015, for the January 5, 2016 meeting date.

IV. Approval of Agenda

The Agenda was reviewed by the board and no changes were necessary. The agenda was approved as submitted without objection.

V. Minutes of October 27, 2015 SBC Meeting

Mr. Burnett moved and Mr. Boucher seconded approval of the October 27, 2015 minutes. The motion was unanimously adopted with 3 yes votes.

VI. Public Comment

Mr. Parady asked for public participation and comment. There was none.

VII. New Business

Resolution No. 2016-01 – Alaska International Airports System – Amendment to Supplemental Resolution No. 2015-07

Mr. Mitchell reviewed that on October 27, 2015, SBC adopted the seventh supplemental resolution 2015-07 providing for issuance and sale of airport revenue refunding bonds. He explained that in the course of the transaction and considering the use of a surety policy for additional reserve funding the financing team realized that the resolution limits the use of bond insurance or surety policies and was limited to companies with credit ratings in the highest rating category. There currently are no companies that meet this criteria and therefore the adoption of springing covenant was recommended for this and some other technical modifications. Ms. Weed commented that the resolution before SBC, Resolution 2016-01, implements these changes to Supplemental Resolution 2015-07, and Resolution 99-01 as follows. Coverage Requirement amended to include language on – a) “for project purposes” added to coverage requirement on Parity Bonds, including Future Parity Bonds, and, b) with respect to refunding bonds, each of the most recent three Fiscal Years preceding the date of calculation. Debt Service amended to include – a) the yield to maturity set forth in the 25-Revenue Bond Index published in the edition of The Bond Buyer, and b) if such Parity Bonds have been Outstanding for more than one year, the average of the most recent year’s actual interest rates plus 50 basis points. Qualified Insurance was amended to include additional language on the 2016 New Date of bonds, non-cancelable municipal bond insurance policy or surety bond issued by any insurance company in the USA, and rated in one of the two highest rating categories by a Rating Agency. Section 2.02 amended to include “issuance of additional series of future parity bonds; added “maximum” in sub “a,” added “maximum” in sub “d,” and under “r” that each such supplemental resolution also may provide for delegation to the Designated Representative to approve the final terms and conditions of a series of Parity Bonds, including but not limited to the matters set forth in this section. Section 2.04(a), sub “a,” amended to include “subject to further condition which shall be applicable only until the 2016 New Date, that total debt service has been reduced. Section 6.02 amended to include “procedure for amendment with written consent of parity bondowners,” and “from and after the 2016 New Date, the supplemental resolution authorized by this

Section 6.02 shall become effective upon the written consent of at least a majority of the aggregate principal amount of Parity bonds then Outstanding, and the notice hereinafter provided shall no longer be required.” Section 38.05 amended to include “effect of resolution.” Section 38.06 amended to include “notices to rating agencies.” Section 38.07 amended to include “effective date.” Mr. Boucher moved the resolution to the floor for discussion purposes, and Mr. Burnett seconded. Mr. Parady questioned the statement of not needing a surety insurance agency to be rated in the two highest rating categories of the Rating Agencies. Mr. Mitchell responded that the bonds insurance companies were all downgraded following the market issues of 2008, and there is currently no insurance company rated AAA. Mr. Boucher moved Resolution 2016-01, adding the new article to Resolution No. 2015-07 previously approved by SBC, which contains amendments to Article I of Resolution 99-01, and Mr. Burnett seconded this motion. The State Bond Committee then approved Resolution 2016-01 unanimously with three yes votes.

Resolution 2016-02 – General Obligation Bonds, Series 2016

Mr. Mitchell stated that Resolution 2016-02 would authorize the issuance and sale of general obligation bonds of the State of Alaska in an aggregate principal amount of not to exceed \$160,000,000, and authorizing the Designated Representative to approve the interest rates, maturity dates, redemption provisions and principal amounts for the bonds. Mr. Mitchell stated that the resolution would authorize the refinancing of the 2015A General Obligation Bond Anticipation Notes (BANs), which were dated March 19, 2015 in the aggregate principal amount of \$155,215,000, and together with available funds in the 2012 State Transportation Project Fund and Note account established for the 2015A BANs, repay all or a portion of the 2015 A Notes and/or to pay additional costs of the these general obligation bonds authorized by the qualified electors of the State at a special election held on November 6, 2012. US Bank would be the selected Bond Registrar. The bonds shall be sold by competitive sale to the underwriter pursuant to the terms of the official notice of sale and approved bid, so long as last maturity date is not later than 30 years after the date of the Bond are issued, and true interest cost of the bonds does not exceed five percent (5%). Ms. Barry, bond counsel for the SBC, stated that the authority to the Designated Representative would expire 120 days after the date of adoption of the resolution. Mr. Burnett moved the resolution to the floor for discussion purposes, and Mr. Boucher seconded. Mr. Burnett questioned the relative costs and benefits of fixing out these general obligations of the State compared to rolling BANs again in the current marketplace. Mr. Mitchell stated that on top of the low interest rates that we have realized with the previous one-year BAN sales, it has been difficult to forecast cash spending on these transportation projects with often optimistic spending assumptions of bond proceeds. Overall, short-term rates have been advantageous at the previous BAN sales; however, if we were to meet a higher interest rate environment in the future you would be susceptible to higher costs over time, plus additional credit risk, of which you would take off the table by issuing long-term fixed rate debt. Mr. Burnett moved Resolution 2016-02 and Mr. Boucher seconded the motion. The State Bond Committee then approved Resolution 2016-02 unanimously with three yes votes.

Resolution 2016-03 – General Obligation Bond Anticipation Notes, Series 2016

Mr. Mitchell stated that Resolution 2016-03 would authorize the issuance and sale of general obligation bond anticipation notes of the State of Alaska in an aggregate principal amount of not to exceed \$150,000,000, and authorizing the Designated Representative to approve the interest rate, maturity date, and final principal amount for the notes. Mr. Mitchell stated that the resolution would authorize, for the purposes of providing, together with available funds in the 2012 State Transportation Project Fund or in the note account established for the 2015A Notes, money to refund all or a portion of the 2015A Notes and/or to pay additional costs of projects authorized by the State Transportation Bond Act (authorized by the qualified electors of the State at a special election held on November 6, 2012). Mr. Mitchell stated that this BAN authorization would be in addition to the fixed rate issue (previously adopted Resolution 2016-02), and the aggregate principal of \$150 million is a do not exceed amount, subject to the size and spending profile of the remaining authorized 2012 State Transportation Projects. Any final sizing would reflect cash flow projections for each project, and would take into account the balances in the related project fund. US Bank would be the selected Note Registrar. The notes shall be sold by competitive sale to the underwriter pursuant to the terms of the official notice of sale and approved bid, so long as last maturity date is not later than 12 months after the date of the Notes are issued, and true interest cost of the notes does not exceed one and one half percent (1.5%). Ms. Barry, bond counsel for the SBC, reiterated that the authority to the Designated Representative would expire 210 days after the date of adoption of the resolution. Mr. Boucher moved the resolution to the floor for discussion purposes, and Mr. Burnett seconded. Mr. Boucher questioned initial sizing of \$150 million. Mr. Mitchell stated that based on the last quarterly cash flow analysis done on projects to final completion over several fiscal years, there was a relative optimism on the calendar 2016 construction season. Overall, there's an anticipation that the following 12 months of project spending is generally in line with the authorization of this resolution, but further analysis would be done on projections from the Departments of Transportation and Department of Commerce (DOT and DCCED), and there's potential that any future note issuance authorized by this resolution would be sized to the perspective need. The authorization also gives enough time as to allow the option to have a call of the Chair of the State Bond Committee should project spending amounts need reconsideration. Mr. Boucher moved Resolution 2016-03 and Mr. Burnett seconded the motion. The State Bond Committee then approved Resolution 2016-03 unanimously with three yes votes.

Resolution 2016-04 – Clean/Drinking Water

Mr. Mitchell stated that Resolution 2015-05 approved by the SBC at the September 21, 2015 meeting, providing for the issuance of the Alaska Clean Water Fund Revenue Bond Anticipation Note (BAN), 2015 Series A in an aggregate principal amount of up to \$1,682,700, and the Alaska Drinking Water Fund Revenue BAN, 2015 Series B in an aggregate principal amount of up to \$1,776,500. Rather than general fund appropriations, the borrowed money (BANs proceeds) are used as State of Alaska match to federal appropriations for deposit in the funds. It was subsequently determined by the

Department of Environmental Conservation (DEC) that approximately \$200,000 of additional state match funds were needed from the BANs. Resolution 2016-04 provides this additional authority. Mr. Parady questioned the financing costs of the subsequent transaction, which were not included in DEC's initial request. Mr. Mitchell stated that the transaction costs would be relatively high compared to the additional amounts proposed considering they should have been part of the initial transaction; however, the matching characteristics to obtain additional federal appropriation into the Clean and Drinking Water funds outweigh these costs. In future years there will be an attempt to avoid this situation by ensuring DEC is fully engaged. Mr. Burnett moved Resolution 2016-04 and Mr. Boucher seconded the motion. The State Bond Committee then approved Resolution 2016-04 unanimously with three yes votes.

Resolution 2016-05 – AKLNG – Declaration of Official Intent to Reimburse Expenditures

Mr. Mitchell stated that Resolution 2016-05 is a forward thinking resolution that would declare official intent on behalf of the State to reimburse expenditures incurred by or on behalf of the State in connection with the Alaska liquefied natural gas project (AKLNG). To the extent that if there are future tax exempt bonds issued in connection with AKLNG, the intent would provide framework for the State to be reimbursed for previous project costs connected to the AKLNG project, should it be determined that those original expenditures can be reimbursed from a tax exempt bond issue. Absent this resolution and declaration, there is no doubt that initial project cost expenditures could only be reimbursed on a taxable basis. Mr. Parady asked for clarification on the maximum principal amount of Obligations expected to be issued of \$16.5 billion. Ms. Barry stated that the amount simply represents the estimated cost in relation to the States portion of the potential project (based on a \$65 billion estimation), although this resolution would only be a portion of those overall projected costs. Mr. Boucher questioned the timing of the resolution. Mr. Mitchell stated that the State had recent expenditures related to the buyout of TC Holdings' and TC Midstream interests in the project. These were potentially the first costs associated with the AKLNG project, and the State would have the ability for potential reimbursement from a tax exempt bond issuance, given review of those expenses and indication that they can be reimbursed through the issuance of tax exempt bonds. The resolution is expected to be a blanket approach to reimbursing these costs through this declaration. There is a 60 day time window for this declaration to come into effect to create the potential for these costs to be reviewed and potentially reimbursed through a tax exempt bond issuance. Mr. Parady commented that the size of the principal amount, listed as an expectation for issuance is an extremely large amount, and Mr. Boucher agreed. Mr. Mitchell reiterated that if costs were attempted to be recouped barring the approval of this resolution, those costs would have to be reimbursed through a taxable bond issuance. Mr. Boucher moved to adopt the resolution, and Mr. Burnett seconded. Mr. Burnett moved to amend the maximum principal amount to \$3 billion, and Mr. Boucher seconded. The State Bond Committee then approved Resolution 2016-05 unanimously with three yes votes.

Debt Manager's Report

Mr. Mitchell reported on the following items for the committee:

Rating Agency update – Based on a request from Gabe Petek of Standard and Poor’s a teleconference was set up with Pat Pitney, Randy Hoffbeck, Jerry Burnett, myself and S&P staff to discuss the State’s budget projections, reserve positions, and Governor’s Fiscal Plan. The meeting took place on December 22. Subsequent to those meetings, S&P downgraded today (January 5, 2016) it’s underlying rating on the State of Alaska’s outstanding general obligation bonds from AAA to AA+.

Knik Arm Crossing – I have been working with KAC staff to obtain indicative ratings for the TIFIA loan process. In consultation with KAC I have signed Letters of Engagement with both Standard and Poor’s and DBRS for rating work.

Pension Obligation Bonds – the POB team continues to work on the potential issuance of bonds to fund a portion of the PERS and/or TRS unfunded liabilities. The Governor included the use of POBs in his budget proposal.

Anchorage Legislative Information Office – I have participated in two Legislative Counsel meetings where the Anchorage LIO’s future was contemplated. The issue is whether to continue paying on the existing lease for the Anchorage LIO, buy the Anchorage LIO with cash or debt, or move into space that will be made available in the Atwood Building. At the request of Representative Johnson’s staff I prepared a cash flow analysis that was provide to the Committee.

VIII. Committee Member Comments

Mr. Burnett and Mr. Boucher had no additional comments. Mr. Parady recognized the importance of the foresight of Resolution 2016-05, even with the decrease in maximum principal amount to \$3 billion, to the extent that items such as the TC buyout and future expenses have the potential to be reimbursed to the State on a tax exempt basis.

IX. Schedule Next Meeting

Mr. Mitchell mentioned that another meeting at the call of the Chair. At this point there is no prospective date, other than if there would need to be a meeting within the 210 delegation for the Bond Anticipation Notes.

X. Adjournment

The meeting was adjourned at 12:07 PM ASDT.

Fred Parady, Deputy Commissioner, Department of Commerce,
Community and Economic Development – Chair

ATTEST:

Jerry Burnett, Deputy Commissioner,
Department of Revenue – Secretary

STATE BOND COMMITTEE
OF THE STATE OF ALASKA

GENERAL OBLIGATION BONDS, SERIES 2016B

RESOLUTION NO. 2016-07

A Resolution of the State Bond Committee of the State of Alaska, providing for the issuance and sale of general obligation bonds of the State in the aggregate principal amount of not to exceed \$150,000,000; approving the sale of such bonds; and authorizing the Designated Representative to approve the interest rates, maturity dates, redemption provisions and principal amounts for the bonds under the terms and conditions set forth herein.

ADOPTED ON JUNE 6, 2016

PREPARED BY:
Orrick, Herrington & Sutcliffe LLP

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EXHIBIT A: Official Notice of Sale and Bidding Instructions

* This Table of Contents and the cover page are not a part of the following resolution and are included only for the convenience of the reader.

RESOLUTION NO. 2016-07

A Resolution of the State Bond Committee of the State of Alaska, providing for the issuance and sale of general obligation bonds of the State in the aggregate principal amount of not to exceed \$150,000,000; approving the sale of such bonds; and authorizing the Designated Representative to approve the interest rates, maturity dates, redemption provisions and principal amounts for the bonds under the terms and conditions set forth herein.

WHEREAS, Sections 1, 3, 4 and 5 of Chapter 18, SLA 2012 (HB 286) (the “State Transportation Bond Act”) authorized the issuance of general obligation bonds of the State of Alaska (the “State”) in the principal amount of not more than \$453,499,200 for the purpose of paying the costs of design and construction of state transportation projects (as more fully set forth in the State Transportation Bond Act); and

WHEREAS, pursuant to the State Transportation Bond Act, the question of whether such bonds should be issued was submitted to the qualified voters of the State at the general election held on November 6, 2012, and said authorization was ratified by a majority of the qualified voters of the State who voted on the question; and

WHEREAS, it is deemed necessary and advisable and in the best interest of the State and its inhabitants that the State now issue and sell general obligation bonds in the aggregate principal amount of not exceeding \$150,000,000 to provide funds, together with available funds in the 2012 State Transportation Project Fund, to pay or to make grants to pay additional costs of the projects authorized by the State Transportation Bond Act; and

WHEREAS, the Committee has determined to delegate authority to the State Debt Manager or his designee (the “Designated Representative”), for a limited time, to approve the interest rates, maturity dates, interest payment dates, redemption provisions and principal amounts under the terms and conditions approved by this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOND COMMITTEE OF THE STATE OF ALASKA:

Section 1. Definitions. As used in this resolution, the following words shall have the following meanings:

Approved Bid means the winning bid submitted for the Bonds.

Beneficial Owner means the beneficial owner of all or a portion of a Bond while such Bond is in fully immobilized form.

Bond Register means the registration books maintained by the Bond Registrar setting forth the names and addresses of owners of the Bonds.

Bond Registrar means U.S. Bank National Association, Seattle, Washington, as authenticating agent, paying agent and registrar with the duties and powers herein provided, including its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Section 3.

Bonds means the State of Alaska General Obligation Bonds, Series 2016B, to be issued pursuant to this resolution in the aggregate principal amount of not to exceed \$150,000,000.

Bond Year means each one-year period that ends on the date selected by the State. The first and last Bond Years may be short periods. If no date is selected by the Designated Representative before the earlier of the final maturity date of the Bonds or the date that is five years after the date of issuance of the Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bonds.

Code means the federal Internal Revenue Code of 1986 and the applicable regulations thereunder.

Commission means the United States Securities and Exchange Commission.

Competitive Sale means the process by which the Bonds are sold through the public solicitation of bids from underwriting firms.

Debt Manager means the State Debt Manager.

Debt Service Fund means the Alaska debt retirement fund of the State.

Designated Representative means the Debt Manager or his designee.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 3 hereof.

Governmental Person means a state or local governmental unit or any instrumentality thereof. It does not include the United States or any agency or instrumentality thereof.

Letter of Representations means a blanket issuer letter of representations from the State to DTC.

MSRB means the Municipal Securities Rulemaking Board or any successor to its functions.

Net Proceeds, when used with reference to the Bonds, means the principal amount of the Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

Nongovernmental Person means any Person other than a Governmental Person.

Official Notice of Sale means the Official Notice of Sale and bidding instructions authorized to be given in Section 10 of this resolution.

Person means an individual, a trust, estate, partnership, association, company, corporation or governmental unit.

Private Business Use means the use of property in a trade or business by a Nongovernmental Person if such use is other than as a member of the general public. Private Business Use will arise from ownership of the property by a Nongovernmental Person. Private Business Use may also arise from other arrangements that transfer to the Nongovernmental Person the actual or beneficial use of the property (such as certain leases and management

contracts). Use of property as a member of the general public includes attendance by the Nongovernmental Person at municipal meetings. Use of property by nonprofit community groups or community recreational groups is not treated as Private Business Use if the property is made available for such use by all such community groups on an equal basis and the term of such use does not exceed 50 days.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC shall be deemed to be the sole Registered Owner.

Rule means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

State means the State of Alaska.

State Bond Committee means the duly constituted State Bond Committee established pursuant to AS 37.15.110.

Term Bonds means the portion of the Bonds, if any, designated as "Term Bonds" in the Approved Bid for the Bonds.

2012 State Transportation Bond Act means Chapter 18, SLA 2012 (HB 286).

Underwriter means the initial purchaser or representative of the purchasers (if more than one firm acts collectively with one or more additional underwriting firms) of the Bonds.

Interpretation of Terms. In this resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and Sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect; and

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of Bonds. The State hereby authorizes the issuance and sale of not to exceed \$150,000,000 aggregate principal amount of Bonds, representing a portion of the general obligation bonds authorized by the qualified electors of the State at a special election held on November 6, 2012 for the purposes provided in Sections 1, 3, 4 and 5 of the State Transportation Bond Act. The Committee hereby finds that the sale of the Bonds in the manner and on the terms set forth in this resolution is for the best interests of the State and its inhabitants. The Bonds shall be dated as of their date of delivery; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each or any integral multiple thereof, provided that no Bond shall represent more than one maturity and interest rate; shall be numbered separately in such manner and with any additional designation as the Bond Registrar

deems necessary for purposes of identification and control; and shall bear interest, payable semiannually on the first day of each February and August, commencing August 1, 2016 (or on such other semiannual payment dates as may be approved by the Designated Representative) at the rates; and subject to prior redemption, shall mature in the principal amounts and on the dates, all as set forth in the Approved Bid and as approved by the Designated Representative in accordance with Section 10. The Bonds of any of the maturities may be combined and issued as Term Bonds, subject to mandatory redemption as provided in the Approved Bid and approved by the Designated Representative.

Section 3. Registration.

(a) Bond Registrar; Bond Register. The State Bond Committee hereby selects U.S. Bank National Association, Seattle, Washington, as the Bond Registrar, for the safeguarding and disbursement of the money for the payment of debt service on the Bonds and for the duties herein set forth with respect to the authentication, delivery and registration of the Bonds. The Bonds shall be issued only in registered form as to both principal and interest. The Bond Registrar may resign at any time upon 30 days' prior written notice to the State Bond Committee and may be removed at any time at the option of the State Bond Committee upon prior notice to the Bond Registrar and appointment of a successor Bond Registrar. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. If a successor Bond Registrar has not been appointed within 30 days after the giving of such notice of resignation or removal, the retiring Bond Registrar may petition a court of competent jurisdiction for the appointment of a successor.

The Bond Registrar shall keep, or cause to be kept, at its corporate trust office, sufficient books for the registration and transfer of the Bonds which shall at all times be open to inspection by the State (the "Bond Register"). The Bond Registrar is authorized, on behalf of the State, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this resolution and to carry out all of the Bond Registrar's powers and duties under this resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

(b) Registered Ownership. The State and the Bond Registrar shall deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 12 of this resolution), and neither the State nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 3(h) hereof, but such Bond may be transferred as hereinafter provided. All such payments made as described in Section 3(h) shall be valid and shall satisfy and discharge the liability of the State upon such Bond to the extent of the amount or amounts so paid.

(c) DTC Acceptance/Letter of Representations. To induce DTC to accept the Bonds as eligible for deposit at DTC, the State has executed and delivered to DTC a Letter of Representations.

Neither the State nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant; the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds; any notice that is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the State to the Bond Registrar or to DTC or to any successor depository); or any consent given or other action taken by DTC (or by any successor depository) as the Registered Owner. Except as provided in Section 12 in connection with the Rule, for so long as any Bonds are held in fully-immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

(d) Use of Depository.

(1) The Bonds shall be registered initially in the name of "CEDE & Co.", as nominee of DTC, with one Bond of each interest rate, maturing on each of the maturity dates for the Bonds, and in a denomination corresponding to the total principal amount bearing interest at

the same rate and designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the State Bond Committee or the Designated Representative pursuant to subsection (2) below or to such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the State Bond Committee or the Designated Representative to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the State Bond Committee or the Designated Representative may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the State Bond Committee or the Designated Representative, issue a single new Bond for each maturity and interest rate then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the State Bond Committee or the Designated Representative.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the State Bond Committee or the Designated Representative determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The State Bond Committee or the Designated Representative shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds,

together with a written request on behalf of the State Bond Committee or the Designated Representative to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) Registration of Transfer of Ownership or Exchange; Change in Denominations.

The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer or exchange of any such Bond shall be valid unless such Bond is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent or attorney in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding the date any such Bond is to be redeemed.

(f) Bond Registrar's Ownership of Bonds. The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) Registration Covenant. The State covenants that, until all Bonds have been surrendered and cancelled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

(h) Place and Medium of Payment. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. For so long as the Bonds are in fully immobilized form, payments of principal and interest shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations.

In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the designated office of the Bond Registrar; provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

If any Bond shall be duly presented for payment and funds have not been duly provided by the State on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until such Bond is paid.

Section 4. Redemption and Purchase of Bonds.

(a) Optional Redemption. The Bonds may be subject to optional redemption as set forth in the Approved Bid and approved by the Designated Representative, and unless otherwise set forth in the Official Notice of Sale and Approved Bid, the Bonds to be redeemed shall be selected from the maturities selected by the Designated Representative and by lot within a maturity and interest rate.

(b) Mandatory Redemption. Bonds that are designated in the Approved Bid as Term Bonds shall be subject to mandatory redemption as set forth in the Approved Bid and as approved by the Designated Representative pursuant to Section 10 of this resolution.

(c) Purchase of Bonds. The State reserves the right to purchase any of the Bonds offered to the State at any time at a price deemed reasonable by the Designated Representative and in the case of Term Bonds purchased for cancellation, to credit the principal amount of Term Bonds so purchased against an equal amount of mandatory sinking fund installments in the year or years selected by the Designated Representative.

(d) Notice of Redemption.

(1) Official Notice. Unless waived by any owner of Bonds to be redeemed, official notice of any redemption, which notice in the case of optional redemption may be a conditional notice, shall be given by the Bond Registrar on behalf of the State by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the date fixed for redemption;
- (B) the redemption price;
- (C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity and interest rate (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (D) that on the date fixed for redemption (unless the notice of optional redemption is a conditional notice, in which case the notice shall state that interest shall cease to accrue from the date fixed for redemption if and to the extent that funds have been provided to the Bond Registrar for the redemption of Bonds), the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

(E) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

(2) Effect of Notice; Bonds Due. Unless the State has revoked a notice of optional redemption (or unless the State provided a conditional notice of optional redemption and the conditions for redemption set forth therein are not satisfied), then on or prior to any redemption date, the State shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds to be redeemed on that date; and official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the date fixed for redemption (unless in the case of a conditional notice of optional redemption, the condition is not satisfied or funds sufficient to pay the redemption price are not on deposit with the Bond Registrar), become due and payable at the redemption price therein specified, and from and after such date (unless the State shall not have paid the redemption price), such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice (except as described above in the case of a notice of optional redemption), such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the date fixed for redemption shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same maturity and interest rate in the amount of the unpaid principal. All Bonds that have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice of redemption, further notice shall be given by the State as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive

information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 15 days before the date fixed for redemption to each party entitled to receive notice pursuant to Section 12, and to the senior managing Underwriter for the Bonds or to its business successor, if any, and to such persons and with such additional information as the Designated Representative shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) CUSIP Numbers. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue, interest rate and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(5) Amendment of Notice Provisions. The foregoing notice provisions of this Section 4, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

U.S. BANK NATIONAL ASSOCIATION, as Bond Registrar

By
Authorized Signer

Section 6. Execution of Bonds. The Bonds shall be executed on behalf of the State with the manual or facsimile signatures of the Governor and Lieutenant Governor of the State of Alaska, and the corporate seal of the State shall be impressed, imprinted or otherwise reproduced thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

In case either of the officers who have executed the Bonds shall cease to be officer or officers of the State before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the State, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the State as though those who signed the same had continued to be such officers of the State. Any Bond may also be signed and attested on behalf of the State by such persons who are at the actual date of delivery of such Bond the proper officers of the State although at the original date of such Bond any such person shall not have been such officer of the State.

Section 7. Pledge. The Bonds are general obligations of the State. The full faith, credit and resources of the State are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds.

Before December 1 of each year after the Bonds are issued, this Committee shall certify to the Commissioner of Administration of the State the amount needed for the following calendar year to meet principal, interest and reserve requirements on all general obligation bonds of the

State then outstanding, including the Bonds. The Commissioner of Administration shall set aside these amounts or make the necessary provisions for the setting aside of these amounts so that there will be sufficient money to pay the principal and interest on the due dates.

Pursuant to AS 37.15.012, the amounts required annually to pay the principal, interest, and redemption premium on the Bonds are appropriated each fiscal year from the Debt Service Fund to the State Bond Committee to make all required payments of principal of and interest and redemption premium, if any, on the Bonds. If the balance in the Debt Service Fund is insufficient to fully pay these amounts, the necessary additional amounts are appropriated from the general fund of the State to the State Bond Committee to make all required payments of principal of and interest and redemption premium, if any, on the Bonds.

Section 8. Defeasance. In the event that money and/or government obligations, which are noncallable direct obligations of the United States or obligations unconditionally guaranteed by the United States, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, as evidenced by a report of an independent accountant or verification agent (which report shall be required only if the defeasance is not a full cash defeasance (i.e., such report shall only be required if government obligations constitute all or part of the deposit from which payments to effect the defeasance will be made)), are set aside in a special account of the State to effect such redemption and retirement, and such moneys and the principal of and interest on such government obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Fund of the State for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive the moneys so set aside and pledged, and such Bonds shall be deemed not to be outstanding hereunder.

The Bond Registrar shall provide notice of defeasance of Bonds to registered owners and to each party entitled to receive notice pursuant to Section 12.

Section 9. Tax Covenants.

(a) Arbitrage Covenant. The State hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the State that may be deemed to be proceeds of such Bonds pursuant to Section 148 of the Code that will cause the Bonds to be “arbitrage bonds” within the meaning of said section. The State shall comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bonds) throughout the term of the Bonds.

(b) Private Business Use Limitation for Bonds. The State covenants that for so long as the Bonds are outstanding, it will not permit any uses of the assets financed by the Bonds that would result in the Bonds being private activity bonds within the meaning of Section 141(a) of the Code.

(c) The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds.

Section 10. Sale of Bonds. The Bonds shall be sold by Competitive Sale to the Underwriter pursuant to the terms of the Official Notice of Sale and Approved Bid.

(a) Bids will be received by the Designated Representative or the competitive sale will be undertaken by electronic means, in the manner and on such date and time as the Designated Representative hereafter shall determine. The Designated Representative will approve the bid offering to purchase the Bonds at the lowest true interest cost to the State at such price as shall be determined by the Designated Representative at the time of sale, plus accrued interest, if any, to the date of delivery, all on the terms and conditions set out in the applicable Official Notice of Sale.

All bids submitted for the purchase of the Bonds shall be as set forth in the Official Notice of Sale or otherwise as established by the Designated Representative which will be furnished upon request made to the Designated Representative. Such bids shall be accompanied by surety bond or a cashier's or certified check, as a good faith deposit, made payable to the order of the State, in an amount, if any, determined by the State's financial advisor. The good faith deposit of

the successful bidder shall be security for the performance of its bid and shall be held as liquidated damages in case the successful bidder fails to take up and pay for the Bonds within 45 days if tendered for delivery. All bids submitted shall be opened (but not read publicly) by the State. The State reserves the right to reject any and all bids and to waive any irregularity or informality in any bid.

(b) The Designated Representative is authorized to negotiate terms for the purchase of the Bonds and to approve and accept an Approved Bid, with such terms as are approved by the Designated Representative pursuant to this section and consistent with this resolution. The State Bond Committee has determined that it would be in the best interest of the State to delegate to the Designated Representative for a limited time the authority to approve and accept an Approved Bid with such terms as are approved by the Designated Representative and to determine and approve the final interest rates, maturity dates, aggregate principal amount, terms of redemption and redemption rights and principal amounts of the Bonds of each maturity. The Designated Representative is hereby authorized to approve the final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights for the Bonds in the manner provided hereafter and in the Official Notice of Sale so long as (i) the aggregate principal amount of the Bonds does not exceed \$150,000,000, (ii) the last maturity date is not later than 20 years after the date the Bonds are issued, (iii) the true interest cost of the Bonds does not exceed 5.0% and (iv) the total debt service payment for fiscal year 2017 does not exceed \$9,200,000.

In approving the Official Notice of Sale and accepting and determining the Approved Bid and the final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights, the Designated Representative, in consultation with State staff and the State's financial advisor, shall take into account those factors that, in his judgment, will generate the most advantageous results for the State, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds. Subject to the terms and conditions set forth in this Section 10, the Designated Representative is hereby authorized to approve the final form of the Official Notice of Sale and to accept the Approved Bid upon the Designated Representative's approval of the

final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights, set forth therein (or to reject all bids). Following the acceptance of the Approved Bid (or a rejection of all bids), the Designated Representative shall provide a report to the State Bond Committee, describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representative by this Section 10 shall expire on Saturday, December 31, 2016. If an Approved Bid for the Bonds has not been accepted by December 31, 2016, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless the Bonds shall have been re-authorized by resolution of the State Bond Committee. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the Bonds not issued) or may be in the form of an amendatory resolution approving a purchase contract or establishing terms and conditions for the authority delegated under this Section 10.

(c) Upon the adoption of this resolution, the proper officials of the State including the Designated Representative, are authorized and directed to undertake all other actions necessary for the prompt sale, execution and delivery of the Bonds and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Official Notice of Sale and the Approved Bid.

The Designated Representative is authorized to approve and “deem final” for purposes of the Rule a preliminary official statement and any amendments thereto prior to the date of the official statement and is authorized to ratify and to approve for purposes of the Rule, and to execute on behalf of the State, the official statement relating to the issuance and sale of the Bonds and to ratify and approve the distribution of such preliminary official statement and official statement pursuant thereto with such changes, if any, as may be deemed by him to be appropriate.

Section 11. Application of Bond Proceeds. The money derived from the sale of the Bonds shall be allocated and expended as described in this Section.

(a) A portion of the Bond proceeds shall be used for the payment of the costs of issuance of the Bonds.

(b) The remaining proceeds derived from the Bonds shall be allocated among the authorizations contained in Sections 3, 4 and 5 of the State Transportation Bond Act. The amount withdrawn from the public facility planning fund (AS 35.10.135) for the purpose of advance planning for the capital improvements to be financed by the Bonds shall be reimbursed to the fund from Bond proceeds. Proceeds allocable to the State Transportation Bond Act shall be deposited in the 2012 State Transportation Project Fund. Proceeds of the Bonds may be invested by the Debt Manager at the direction of the State in any legal investment for funds of the State, and the interest earnings shall be credited to the 2012 State Transportation Project Fund. Any unexpended and unobligated balances allocated for the projects described in Sections 3, 4 and 5 of the State Transportation Bond Act lapse under AS 37.25.020 and are appropriated by Section 6 of the State Transportation Bond Act to pay and redeem Bonds.

Section 12. Undertaking to Provide Ongoing Disclosure. The State Bond Committee hereby authorizes the Designated Representative to enter into an agreement for ongoing disclosure, substantially in the form attached to the Preliminary Official Statement for the Bonds for the benefit of the Beneficial Owners of the Bonds and to assist the Underwriter in complying with Section (b)(5) of the Rule.

Section 13. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the State shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

Section 14. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the 6th day of June, 2016.

STATE OF ALASKA
STATE BOND COMMITTEE

Chris Hladick
Commissioner, Department of Commerce
Community and Economic Development
Chair and Member
Alaska State Bond Committee

Sheldon Fisher
Commissioner, Department of Administration
Member
Alaska State Bond Committee

Randall Hoffbeck
Commissioner, Department of Revenue
Secretary and Member
Alaska State Bond Committee

Approved as to form:

Alaska Department of Law
State of Alaska

EXHIBIT A

Official Notice of Sale and Bidding Instructions

OFFICIAL NOTICE OF SALE AND BIDDING INSTRUCTIONS

STATE OF ALASKA



\$150,000,000*

**General Obligation Bonds
Series 2016B**

Electronic Bids, as Described Herein
Will Be Accepted Until
11:00 A.M. Eastern Daylight Time**
June 22, 2016**

OFFICIAL NOTICE OF SALE AND BIDDING INSTRUCTIONS

* Preliminary, subject to change both before and after award as provided for in this Official Notice of Sale.

** Preliminary, subject to change before the sale date and time as provided for in this Official Notice of Sale.

OFFICIAL NOTICE OF SALE AND BIDDING INSTRUCTIONS

**STATE OF ALASKA
\$150,000,000*
GENERAL OBLIGATION BONDS
SERIES 2016B**

THE SALE

NOTICE IS HEREBY GIVEN that electronic bids will be received at the place, on the date and until the time specified below for the purchase of all, but not less than all, of \$150,000,000* aggregate principal amount of General Obligation Bonds, Series 2016B (the “Bonds”) to be issued by the State of Alaska (the “State”).

DATE: June 22, 2016**

TIME: 11:00 A.M Eastern Daylight Time**

ELECTRONIC BIDS: Must be submitted in their entirety via BiDCOMP™/Parity® as described below. **No other form of bid or provider of electronic bidding services will be accepted.**

ELECTRONIC BIDDING AND BIDDING PROCEDURES

Registration to Bid. All prospective bidders must be contracted customers of BiDCOMP™/Parity® Competitive Bidding System (“BiDCOMP/Parity”). If you do not have a contract with BiDCOMP/Parity, call (212) 849-5021 to become a customer. No other provider of electronic bidding services and no other means of delivery (i.e. telephone, telefax, telegraph, personal delivery, etc.) of bids will be accepted. **If any provision of this Notice of Sale conflicts with information provided by BiDCOMP/Parity as approved provider of electronic bidding services, this Notice of Sale shall control.** Further information about submitting a bid using BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity at (212) 849-5021.

By submitting a bid for the Bonds, a prospective bidder represents and warrants to the State that such bidder’s bid for the purchase of the Bonds (if a bid is submitted) is submitted for and on behalf of such prospective bidder by an officer or agent who is authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds.

Disclaimer. Each prospective bidder shall be solely responsible to register to bid via BiDCOMP/Parity. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/Parity for purposes of submitting its bid in a

* Preliminary, subject to change before and after award as provided in this Notice of Sale.

**Preliminary, subject to change before the sale date and time, as provided in this Notice of Sale.

timely manner and in compliance with the requirements of this Notice of Sale. Neither the State nor BiDCOMP/Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the State nor BiDCOMP/Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by BiDCOMP/Parity. The State is using BiDCOMP/Parity as a communication mechanism, and not as the State's agent, to conduct electronic bidding for the Bonds. The State is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bidding Procedures" described below. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/Parity are the sole responsibility of the bidders, and the State is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Bonds, it should telephone BiDCOMP/Parity and notify the State by email to deven.mitchell@alaska.gov or by facsimile at (907) 465-2902 and to Pete Nissen, of Acacia Financial Group, Inc., the State's Financial Advisor, by email to pnissen@acaciafin.com or facsimile at (856) 234-6697.

Bidding Procedures. Bids must be submitted electronically for the purchase of the Bonds (all or none) by means of the Bid Forms via BiDCOMP/Parity by 11:00 A.M. Eastern Daylight Time on Wednesday, June 22, 2016, unless postponed as described below. See "Postponement." Prior to that time, a prospective bidder may input and save proposed terms of its bid in BiDCOMP/Parity. Once the final bid has been saved in BiDCOMP/Parity, the bidder may select the final bid button in BiDCOMP/Parity to submit the bid to BiDCOMP/Parity. Once the bids are communicated electronically via BiDCOMP/Parity to the State, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP/Parity shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the State, as described below under "Basis of Award."

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of the Bid Form via BiDCOMP/Parity. No bid will be received after the time specified above for receiving such bids.

Award of the Bonds. The State will award the Bonds (or all bids will be rejected) by 1:00 p.m. Eastern Daylight Time on Wednesday, June 22, 2016.*

Basis of Award. The Bonds will be awarded to the bidder whose proposal conforms to the terms of this offering and produces the lowest true interest cost to the State. The true interest cost will be the annual interest rate that, when compounded semiannually and used to discount all payments of principal and interest payable on the Bonds under such proposal to the date of delivery, results in an amount equal to the purchase price for the Bonds. No proposal for the

* Preliminary, subject to change before the sale date and time as provided below. See "Postponement."

purchase of less than all of the Bonds will be considered. If two or more bids provide the same lowest true interest cost, the State shall determine, in its sole discretion, which bid will be accepted, and such determination will be final. See “Interest Rates and Bid Price.”

Modifications. The State reserves the right to modify any term of this Notice of Sale and/or the Preliminary Official Statement for any reason by notice on the Amendments Page of the BiDCOMP/Parity website no later than 5:00 p.m., Eastern Daylight Time, on Tuesday, June 21, 2016* (or, in the event of a postponement in accordance herewith, the day prior to the reset bid date).

Postponement. The State also reserves the right to postpone the sale and to set a new time for the sale either separately or at one time. Postponement may be effected by 8:00 a.m. Eastern Daylight Time on Wednesday, June 22, 2016,* by a Statement of Postponement carried on the Amendments page of the BiDCOMP/Parity website (the “Statement of Postponement”). At the same time or within 48 hours following the Statement of Postponement, the State may reset a new time for the sale. The reset sale notice may state different terms and conditions of sale and may refer to this notice for any or all terms of sale. All bidders will be deemed to have assented to the above conditions by submitting a bid, and lack of actual notice of the postponement or of the reset terms of sale will not be considered.

Right of Rejection. The State reserves the right to reject any and all bids, to waive any irregularity or informality in any bid, to take any actions adjourning or postponing the sale of the Bonds or to take any other action that the State deems to be in its best interest. In the event the State rejects all bids, notice of a new sale date, if any, will be carried on the Amendments page of the BiDCOMP/Parity website.

THE BONDS

Bond Details. The Bonds will be dated the date of delivery and will bear interest from their dated date, payable semiannually on each February** 1 and August** 1 of each year, commencing on August** 1, 2016. Interest will be computed upon the basis of a 360-day year of twelve 30-day months. Except as described below, the Bonds will be stated to mature on August** 1 in the following years and in the following principal amounts:

*Preliminary, subject to change before the sale date and time as provided below.

**Preliminary, subject to change before the sale date and time, as provided in this Notice of Sale.

State of Alaska
General Obligation Bonds, Series 2016B*

<u>Year</u> <u>(August 1)</u> **	<u>Principal</u> <u>Amount*</u>	<u>Year</u> <u>(August 1)</u> **	<u>Principal</u> <u>Amount*</u>
2016		2026	
2017		2027	
2018		2028	
2019		2029	
2020		2030	
2021		2031	
2022		2032	
2023		2033	
2024		2034	
2025		2035	

Adjustment of Maturities. The State reserves the right to adjust the principal amount of each maturity, in increments of \$5,000, and to increase or decrease the total principal amount of the Bonds by up to 10%. Notice of any adjustment will be provided within two hours after the time at which bids are opened through BiDCOMP/Parity. When adjusting maturities, the State will attempt to maintain the Underwriter’s compensation as a percentage of the final principal amount of the Bonds. The successful bidder may not withdraw its bid or change the interest rates bid or the initial reoffering prices as a result of any changes made within these limits to the revised amounts.

Optional Designations of Term Bonds and Mandatory Sinking Fund Redemption. Bidders have the option of specifying in their bid proposal that all of the principal amount of Bonds scheduled to mature in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one or more maturities of the Bonds (the “Term Bonds”) scheduled to mature in the latest year of each such combination. The Term Bonds so specified by the bidder then will be subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount thereof, in the principal amount in each year during the combined period of such Term Bonds that otherwise would have been scheduled to mature in such years. If no Term Bonds are designated in the successful bid, the Bonds will mature serially without Term Bonds.

In the case of any Term Bonds, if the State purchases Term Bonds for cancellation or redeems Term Bonds pursuant to the optional redemption provisions described below, the principal amount of Term Bonds so purchased or redeemed may be credited against the mandatory sinking fund redemption requirements for the Term Bonds of the same maturity in the order selected by the State.

Immobilization of the Bonds. The Bonds are being issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as registered owner of the Bonds, and immobilized in the custody of DTC, which will act as securities depository for the Bonds. A book-entry system will be employed by DTC evidencing ownership of the Bonds in principal amount of \$5,000 or any integral multiple thereof, with

* Preliminary, subject to change. See “Adjustment of Maturities.”

**Preliminary, subject to change before the sale date and time, as provided in this Notice of Sale.

transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC.

The principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfers of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and persons acting through such participants (the “Participants”), and other nominees of beneficial owners. The State will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, the payment by DTC or by Participants of principal of or interest on the Bonds, any notice to bondholders or any consent given or other action taken by DTC as the registered owner of the Bonds.

Optional Redemption. The Bonds maturing on or after August 1, 2026, are subject to redemption at the option of the State in whole or in part (and if in part, from the maturities selected by the State) on any date on or after August 1, 2025, at a redemption price of 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption. See “Interest Rates and Bid Price.”

Security for the Bonds. The Bonds will be general obligations of the State, and the full faith, credit and resources of the State will be pledged to the payment of the principal of and interest on the Bonds. The Bonds represent a portion of the \$453,499,200 of general obligation bonds approved by a majority of the voters voting in an election on November 6, 2012.

The security for the Bonds is described in the Preliminary Official Statement and in Resolution No. 2016-07 (the “Resolution”) adopted by the State Bond Committee on June 6, 2016, and those documents should be consulted for a more detailed description of the security for the Bonds.

Bond Insurance At Bidder’s Option And Expense. Bidders may elect to insure the Bonds at the bidders’ risk and expense. The State will only enter into agreements to comply with the administrative requirements of the bond insurer; **the State will not amend the Resolution.** The State will pay the fee for ratings from Standard & Poor’s Ratings Services and Fitch Ratings, regardless of whether the Bonds are insured.

The State is not seeking and has not requested or obtained a commitment for any credit enhancement, including a policy to insure payment of scheduled debt service on the Bonds. If the State selects a bid that is based on providing insurance on the Bonds, then the Official Statement and closing certificates will be amended accordingly. No additional security beyond that described in the Preliminary Official Statement will be permitted, however. **Failure of a bond insurer to deliver a policy of insurance for the Bonds will not release the successful bidder from its obligation to purchase the Bonds.**

Interest Rates and Bid Price. The Bonds will be sold in one block on an “all or none” basis, and **at a price of not less than one hundred percent (100%) of the aggregate principal amount of the Bonds. No serial or term bond maturity may bear a price of less than ninety-seven percent (97%).** Bidders must specify the rate(s) of interest to be borne by the Bonds,

provided that each rate bid must be a multiple of one-eighth (1/8) of one percent (1%) or one-twentieth (1/20) of one percent (1%) and provided that the interest rate on Bonds that are subject to optional redemption shall be 5.00%. The highest interest rate bid may not exceed five percent (5.00%). No limitation is imposed upon bidders as to the number of rates that may be used, except that all Bonds of one maturity must bear only one interest rate. No rate of interest named for any maturity may be less than the rate of interest named for any prior maturity, and the difference between the highest and the lowest rates of interest named shall not exceed three percent (3.00% per annum). **The bidding is permitted either with or without bond insurance at the discretion of the bidder. In either event, the winning bid will be selected on the basis of the true interest cost to the State, and in all cases the insurance premium will be paid by the bidder.** See “Bond Insurance at Bidder’s Option and Expense.”

Good Faith Deposit. The successful bidder will be required to provide a good faith deposit in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) (the “Good Faith Deposit”) in immediately available funds wired to U.S. Bank National Association, as paying agent not later than 2:00 p.m. (Eastern Daylight Time) on June 22, 2016* (the “Deposit Deadline”). Wire information will be provided to the successful bidder by the Financial Advisor upon bid award. If the Deposit is not received by the Deposit Deadline, the award of the sale of the Bonds may be cancelled by the State in its discretion without any financial liability to the bidder or any limitation whatsoever on the State’s right to sell the Bonds to a different purchaser upon such terms and conditions as the State deems appropriate.

The good faith deposit will be held by the State to ensure the successful bidder’s compliance with the terms of its bid and this Notice of Sale and Bidding Instructions and will be applied to the purchase price on the date of delivery of the Bonds. Pending delivery of the Bonds, the Good Faith Deposit may be invested for the sole benefit of the State. In the event the successful bidder fails or refuses to pay for the Bonds in accordance with its bid, the amount of the Good Faith Deposit and any investment earnings thereon shall be accepted by the State as full and complete liquidated damages.

Delivery. It is expected that the Bonds in definitive form will be issued and available by Fast Automated Securities Transfer for delivery through the facilities of DTC in New York, New York on or about June 30, 2016* and that closing will take place on the same date in Seattle, Washington or at another location specified by the State. The successful bidder will be required to provide to the State, by 1:00 p.m. Eastern Daylight Time on June 23, 2016, information as to the initial offering price of the Bonds to the public (excluding bond-houses and brokers) at which a substantial amount of the Bonds were sold and the insurance premium (if purchased by the bidder). Such information must be confirmed with a certificate, dated the date of closing of the Bonds and substantially in the form attached hereto and satisfactory to Bond Counsel, **showing that at least 10% of each maturity of the Bonds was sold, or was reasonably expected to be sold, to the public at initial public offering prices not exceeding the prices of the Bonds set forth in the initial statement of such prices.**

There will be furnished to the successful bidder without cost, the executed Bonds to be delivered to DTC or its agent and the usual closing documents dated as of the date of delivery of and payment for the Bonds, including a certificate that there is no litigation pending or threatened affecting the validity of the Bonds.

The State will confirm to the successful bidder, by a certificate signed on its behalf by the Executive Director or Chair of the State Bond Committee and delivered at the closing, that at the time of the acceptance of the bid, and at the time of the closing, insofar as the State and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Payment. The successful bidder shall make full payment of the purchase price of the Bonds to the State at the time of delivery in federal funds or other immediately available funds without cost to the State.

Tax-Exempt Status. The opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the State Bond Committee, will state that based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance by the State with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel will observe that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. For further information, please refer to “TAX MATTERS” in the Preliminary Official Statement.

Legal Opinion. The opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the State Bond Committee, approving the validity of the Bonds, will be furnished upon delivery of the Bonds. The proposed form of Bond Counsel’s opinion is included in the Preliminary Official Statement as an appendix.

CUSIP Numbers. CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bonds nor any error with respect thereto shall constitute cause for the successful bidder to fail or to refuse to accept delivery of and to pay for the Bonds. No liability shall attach to the State or to any director, officer, employee or agent thereof, including any paying agent or registrar for the Bonds, by reason of such number or by reason of any inaccuracy, error, or omission with respect thereto.

Continuing Disclosure Undertaking. The State covenants and agrees to execute and deliver on or before the date of delivery of the Bonds a continuing disclosure certificate constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the State for the benefit of the beneficial owners of the Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. In the Undertaking, the State will undertake to provide certain annual financial information and to provide notices of certain events with respect to the Bonds. The proposed form of the State’s Undertaking is set forth in the Preliminary Official Statement and will be set forth in the final Official Statement.

The State is Represented by an Independent Registered Municipal Advisor. The State Bond Committee has engaged, is represented by and will rely upon the advice of Acacia Financial Group, Inc., an independent registered municipal advisor, to advise it on the issuance

of the Bonds offered for sale in this Notice of Sale, and other aspects of the financing for which the Bonds are being issued. The State intends that (i) this statement constitutes the “required representation” for purposes of the independent registered municipal advisor exemption set forth in SEC Rule 15Ba1-1(d)(3)(vi)(B) and (ii) by publically making this written statement in this Notice of Sale, all prospective bidders and other market participants may rely on this written statement and receive and use it for purposes of the independent registered municipal advisor exemption set forth in SEC Rule 15Ba1-1(d)(3)(vi).

Additional Information. A Preliminary Official Statement relating to the Bonds and an Official Bid Form for the Bonds may be obtained from Pete Nissen, Acacia Financial Group, Inc., 601 Route 73 North, Suite 206, Marlton, New Jersey 08053, (856) 234-2266 or from Deven J. Mitchell, Debt Manager of the State of Alaska, 333 Willoughby Avenue, State Office Building, 11th Floor, Juneau, Alaska 99811, (907) 465-3409.

The Preliminary Official Statement, referred to above, has been “deemed final” by the State for purposes of SEC Rule 15c2-12(b)(1) but is subject to revision, amendment and completion including by the final Official Statement.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a bid, the State agrees that within seven (7) business days after the date of such award the State will provide the senior managing underwriter of the successful syndicate with copies of a final Official Statement. The senior managing underwriter of the successful syndicate will be supplied with final Official Statements in a quantity sufficient to meet its request. Up to 200 copies of the final Official Statement will be furnished without cost.

The State designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the final Official Statement to each participating underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the State (i) it will accept such designation, (ii) it will enter into a contractual relationship with all participating underwriters of the Bonds for purposes of assuring the receipt by each such participating underwriter of the final Official Statement, and (iii) within one business day following the receipt from the State, it will file, or cause to be filed, with a the Municipal Securities Rulemaking Board the final Official Statement.

DATED: _____, 2016

State Bond Committee of the State of Alaska

By _____
DEVEN J. MITCHELL
Debt Manager

FORM OF

CERTIFICATE OF THE UNDERWRITER [REPRESENTATIVE]

_____, [, on behalf of itself and as representative (the “Representative”) of _____, _____ and _____ (collectively, the “Underwriters”),] purchaser[s] of the \$_____ aggregate principal amount of State of Alaska General Obligation Bonds, Series 2016B (the “Bonds”), certify the following facts for purpose of determining the issue price of the Bonds:

1. Authorized Representative. The undersigned is the duly authorized representative of _____ [the Underwriters].

2. On _____, 2016 (the “Sale Date”), the Underwriters made a bona fide public offering of the Bonds to the public (excluding bond houses, brokers, and similar persons acting in the capacity of underwriters or wholesalers, “Public Buyers”), at the following reoffering prices expressed as a percentage of the principal amount (the “Initial Reoffering Prices”):

Maturity Year (August 1)	Principal Amount	Reoffering Price
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3. On the Sale Date, based upon our assessment of market conditions, investor demand, sale and offering prices for comparable bonds, and the recent behavior of interest rates, the Underwriter[s] reasonably expected that the Initial Reoffering Prices could be a market clearing price for the Bonds of each maturity. On the Sale Date, the Initial Reoffering Prices did not exceed the fair market value of the Bonds. Based upon the Underwriter’s[s] records, the Initial Reoffering Prices were the first prices at which a substantial portion (at least 10%) of the Bonds of each maturity were sold to Public Buyers[, except that the Underwriter[s] did not sell a substantial portion of the Bonds maturing on August 1, _____ at the Initial Reoffering Price to Public Buyers.]

4. These representations are provided to Orrick, Herrington & Sutcliffe LLP and the State of Alaska to provide them with information concerning the Bonds and are not to be used or relied upon by any other person. The Underwriter[s] express[es] no view regarding the legal sufficiency or the correctness of any legal interpretation made by bond counsel, and nothing herein represents the Underwriter's[s'] interpretation of any laws or regulations under the Internal Revenue Code of 1986, and the Underwriter[s] express[es] no view regarding the legal sufficiency of any representations made herein.

Dated: _____, 2016

[Name of Underwriter/Representative]

By : _____

CERTIFICATE

I, the undersigned, Secretary of the State Bond Committee of State of Alaska (the “State”), and keeper of the records of the State Bond Committee (the “Committee”), DO HEREBY CERTIFY:

That the attached resolution is a true and correct copy of Resolution No. 2016-07 of the Committee (the “Resolution”), duly passed at a meeting thereof held on June 6, 2016.

That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Committee voted in the proper manner for the passage of said Resolution; that all other requirements and proceedings incident to the proper passage of said Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of June, 2016.

Secretary

STATE BOND COMMITTEE

RESOLUTION NO. 2016-06

A Resolution of the State Bond Committee of the State of Alaska authorizing the State Debt Manager and other appropriate officials of the State of Alaska to approve and to execute and deliver an amendment to the State's lease of the Goose Creek Correctional Center, to approve information relating to the State of Alaska to be included in a Preliminary Official Statement and in an Official Statement and to execute the necessary documents in connection with the sale and issuance by the Matanuska-Susitna Borough of its State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project).

WHEREAS, Ch. 160, SLA 2004 (the "2004 Act") authorized the construction of a new correctional facility (the "Facility") in the Matanuska-Susitna Borough, Alaska, a second class borough of the State of Alaska (the "Borough"); and

WHEREAS, the Borough entered into a Memorandum of Understanding with the State of Alaska, Department of Corrections ("DOC") and the State of Alaska Department of Administration ("DOA"), with respect to the planning for the Facility located on certain real property situated in the Borough; and

WHEREAS, DOA is authorized by AS 36.30.080 and 36.30.085 to enter into leases and to participate in lease financings; and as the leasing agent of the State pursuant to AS 36.30.080, DOA acted on behalf of DOC in implementing the 2004 Act; and

WHEREAS, the 2004 Act further provided that the Borough initially shall own the Facility, with the agreement that the State of Alaska (the "State") acquire the Facility upon performance by DOA under the Lease Purchase Agreement defined below; and

WHEREAS, DOA, as leasing agent for DOC, entered into a Lease Purchase Agreement, dated December 1, 2008 (as amended on October 26, 2010 and April 1, 2015, the "Original Lease Purchase Agreement") with the Borough, pursuant to which DOA agreed, *inter alia*, to make payments sufficient to pay the principal of and interest on revenue bonds of the Borough; and

WHEREAS, pursuant to Ordinance Serial No. 08-139 (AM) of the Borough and a Trust Indenture, dated as of December 1, 2008 (as amended as of April 1, 2015, the "Trust Indenture") between the Borough and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), the Trustee executed and delivered \$244,285,000 aggregate principal amount of Matanuska-Susitna Borough State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project) (the "2008 Bonds"); and

WHEREAS, in April 2015, with the approval of the State Debt Manager on behalf of the State Bond Committee pursuant to Resolution No. 2015-03 of the State Bond Committee, the Borough refunded \$101,850,000 aggregate principal amount of the 2008 Bonds stated to mature on September 1, 2028 and September 1, 2032; and

WHEREAS, the Borough has advised that under current market conditions, refunding the remaining portion of the 2008 Bonds stated to mature on September 1, 2028 in the aggregate principal amount of \$22,065,000 and the 2008 Bonds stated to mature in the principal amount of \$37,275,000 on September 1, 2023 would be in the best interest of the Borough and the State; and

WHEREAS, such 2008 Bonds (the “Refunding Candidates”) are subject to redemption prior to their stated maturity in whole or in part on any date on or after September 1, 2019 at a price of 100 percent of the principal amount thereof plus accrued interest to the date fixed for redemption; and

WHEREAS, the Borough plans to authorize the issuance and sale of its State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project) in the aggregate principal amount not to exceed \$70,000,000 (the “2016 Bonds”) to refund all or a portion of the Refunding Candidates; and

WHEREAS, the issuance of the 2016 Bonds is expected to result in lease payments by DOA that are lower than the lease payments under the Original Lease Purchase Agreement and that a corresponding amendment to the Original Lease Purchase Agreement would reflect the lower lease payments for the State; and

WHEREAS, the Borough has determined to sell the 2016 Bonds by negotiated sale to RBC Capital Markets, LLC (the “Underwriter”); and

WHEREAS, the Borough is preparing a preliminary official statement (the “Preliminary Official Statement”) with respect to the 2016 Bonds in connection with the offer of the 2016 Bonds to investors and will prepare a final official statement (the “Official Statement”) for delivery to initial purchasers of the 2016 Bonds, which Preliminary Official Statement and Official Statement will include information about the State, as the lessee of the Facility; and

WHEREAS, the Underwriter and the Borough have requested the State to execute a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) to evidence the State’s obligation to provide continuing disclosure; and

WHEREAS, the Borough’s bond purchase agreement with the Underwriter may require the State to execute and deliver certain other documents relating to the Bond financing;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOND COMMITTEE OF THE STATE OF ALASKA, as follows:

Section 1. Delegation and Authorization of the Designated Representative. The Debt Manager or his designee (the “Designated Representative”) is hereby authorized to approve, on behalf of the State Bond Committee, the designation of the Refunding Candidates to be refunded by the 2016 Bonds and the sale and issuance of the 2016 Bonds by the Borough, provided that the aggregate principal amount of the 2016 Bonds does not exceed \$70,000,000 and the net present value of savings effected as a result of the issuance of the 2016 Bonds is at least equal to 5.0 percent of the principal amount of the refunded 2008 Bonds. The State Bond Committee hereby authorizes the Designated Representative to review and approve, on behalf of the State, the information about the State, including DOA and DOC, to be included in the Preliminary Official

Statement and the Official Statement for the 2016 Bonds. The Designated Representative is hereby further authorized to execute and deliver certificates to the Underwriter regarding such disclosure information, but only to the extent that such certificates have been reviewed and approved by the Designated Representative prior to the execution of the bond purchase contract for the 2016 Bonds.

The State Bond Committee hereby authorizes the Designated Representative and all other appropriate State Officials to execute a letter of representation, if any, the Continuing Disclosure Certificate and any and all other documents required to be executed on behalf of the State in connection with the sale and issuance of the 2016 Bonds.

The delegation and authorization of the Designated Representative pursuant to this Section 1 shall expire if the bond purchase contract for the 2016 Bonds is not executed and delivered on or before December 31, 2016.

Section 2. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the
6th day of June, 2016.

STATE OF ALASKA
STATE BOND COMMITTEE

CHRIS HLADICK
Commissioner, Department of Commerce
Community and Economic Development
Chair and Member
Alaska State Bond Committee

SHELDON FISHER
Commissioner, Department of Administration
Member
Alaska State Bond Committee

RANDALL HOFFBECK
Commissioner, Department of Revenue
Secretary and Member
Alaska State Bond Committee

Approved as to form:

Alaska Department of Law
State of Alaska

CERTIFICATE

I, the undersigned, Secretary of the State Bond Committee of State of Alaska (the "State"), and keeper of the records of the State Bond Committee (the "Committee"), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 2016-06 of the Committee (the "Resolution"), duly passed at a meeting thereof held on June 6, 2016.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Committee voted in the proper manner for the passage of said Resolution; that all other requirements and proceedings incident to the proper passage of said Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of June, 2016.

Secretary

STATE BOND COMMITTEE

RESOLUTION NO. 2016-08

A Resolution of the State Bond Committee of the State of Alaska relating to and approving the issuance and sale by the Alaska Housing Finance Corporation of not exceeding \$60,000,000 aggregate principal amount of Alaska Housing Finance Corporation Collateralized Bonds, Series 2016 (Veterans Mortgage Program) to be guaranteed by the State of Alaska; approving the sale of such Bonds; and authorizing the State Debt Manager and other appropriate officials of the State of Alaska to approve information relating to the State of Alaska to be included in a Preliminary Official Statement and in an Official Statement, to approve the amount, terms and timing of the sale of such Bonds and to execute the necessary documents in connection therewith.

WHEREAS, Ch. 34, SLA 2002 (the “2002 Act”) authorizes the unconditional guaranty by the State of Alaska (the “State”) of the principal of and the interest on not more than \$500,000,000 of revenue bonds of the Alaska Housing Finance Corporation (the “Corporation”) to provide money for the purchase by the Corporation of mortgages made for qualifying veterans; and

WHEREAS, the 2002 Act provides that the full faith, credit and resources of the State are pledged to the payment of the principal of and interest on such bonds and that the principal of and interest on the bonds are the general obligation of the State; and

WHEREAS, as required by the 2002 Act and by Article IX, Section 8 of the State Constitution, the unconditional guaranty of such bonds as a general obligation of the State was approved by a majority of the qualified voters voting at a general election held on November 5, 2002; and

WHEREAS, on September 19 2006, with the approval of the State Bond Committee as required by AS 18.56 (together with the 2002 Act, the “Act”), the Corporation issued in two subseries \$190,000,000 aggregate principal amount of its Collateralized Bonds, 2006 First Series (Veterans Mortgage Program), referred to below as the “2006 First Series Bonds,” of which \$33,900,000 were outstanding as of April 30, 2016; and

WHEREAS, on June 1, 2016, the Corporation redeemed all of the outstanding 2006 First Series Bonds with proceeds of commercial paper notes issued by the Corporation for such purpose;

WHEREAS, as provided in AS 18.56.110, the Corporation has requested the State Bond Committee to approve the issuance by the Corporation of not exceeding \$60,000,000 aggregate principal amount of Alaska Housing Finance Corporation Collateralized Bonds, 2016 First Series (Veterans Mortgage Program) for the purpose of refunding the commercial paper notes then outstanding (the “2016 Bonds”); and

WHEREAS, the 2016 Bonds will be issued as Additional Bonds pursuant to, and will be secured on a parity with the outstanding bonds under, the Corporation’s Master Indenture, dated as of October 1, 1999, as heretofore amended and supplemented (the “Master Indenture”), as

supplemented by a supplemental indenture to be entered into by the Corporation and U.S. Bank National Association, as trustee, in connection with the issuance of the 2016 Bonds; and

WHEREAS, as of June 2, 2016, approximately \$11,680,000 of bonds issued under the Master Indenture are outstanding; and

WHEREAS, AS 18.56.110(d) requires the Corporation to sell State guaranteed bonds, including the 2016 Bonds, at public sale in amounts and at times approved by the State Bond Committee, on terms fixed under the notice of sale; and

WHEREAS, the Corporation is preparing a preliminary official statement and a notice of sale (together, the "Preliminary Official Statement") with respect to the 2016 Bonds in connection with the public sale of the 2016 Bonds and will prepare a final official statement (the "Official Statement") for delivery to initial purchasers of the 2016 Bonds, which Preliminary Official Statement and Official Statement will include information about the State; and

WHEREAS, the State will be required to execute a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") to evidence the State's obligation to provide certain continuing disclosure information;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOND COMMITTEE OF THE STATE OF ALASKA, as follows:

Section 1. Authorization of the 2016 Bonds. As authorized in the 2002 Act, the issuance by the Corporation of not exceeding \$60,000,000 aggregate principal amount of 2016 Bonds to refund all or a portion of the commercial paper notes then outstanding (the "Notes") is hereby approved. The 2016 Bonds when issued by the Corporation in accordance herewith will be guaranteed as to principal and interest by the State, and the full faith, credit and resources of the State will be pledged to the payment thereof. The 2016 Bonds shall be sold by the Corporation at public sale in the amounts, not exceeding \$60,000,000, on the date, not later than December 31, 2016, and with the terms fixed under the notice of sale hereinafter authorized.

Section 2. Delegation and Authorization of Designated Representative. (a) The State Bond Committee has determined and does hereby determine that it is in the best interest of the State to delegate to the Debt Manager or to his designee (the "Designated Representative") for a limited time the authority to approve the terms set forth in the Corporation's notice of sale and the bid to be accepted by the Corporation and to approve on behalf of the State Bond Committee the final interest rates, maturity dates, aggregate principal amount, terms of redemption and redemption rights and the principal amounts of the 2016 Bonds of each maturity. The Designated Representative, therefore, is authorized to approve, on behalf of the State Bond Committee, the notice of sale, including the terms of the 2016 Bonds set forth in the notice of sale and the sale and issuance of the 2016 Bonds by the Corporation.

In approving the Corporation's notice of sale and the Corporation's acceptance of a winning bid, if any, and in approving the final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights and principal amounts of 2016 Bonds of each maturity, the Designated Representative, in consultation with the Corporation and the Corporation's financial advisor, shall take into account those factors that, in the Designated

Representative's judgment, will generate the most advantageous results for the Corporation and the State. The Designated Representative shall file a report with the State Bond Committee summarizing the terms of the 2016 Bonds sold by the Corporation with the approval of the Designated Representative on behalf of the State Bond Committee.

(b) The authority granted to the Designated Representative by this Resolution shall expire on Saturday, December 31, 2016 if the Corporation has not accepted a bid for the 2016 Bonds, with the approval of the Designated Representative, by December 31, 2016, in which case the 2016 Bonds shall not be issued with a guaranty of the State nor a sale be approved, unless the issuance and sale of such bonds by the Corporation have been re-authorized by the State Bond Committee in a new resolution or in a supplemental or amending resolution.

Section 3. Disclosure. The State Bond Committee hereby authorizes the Designated Representative to review and approve, on behalf of the State, the information about the State to be included in the Preliminary Official Statement and the Official Statement for the 2016 Bonds. The Designated Representative is hereby further authorized to execute and deliver certificates to the Underwriter regarding such disclosure information, but only to the extent that such information and such certificates have been reviewed and approved by the Designated Representative prior to the distribution of the Preliminary Official Statement and the notice of sale.

The State Bond Committee hereby authorizes the Designated Representative and all other appropriate State Officials to execute the Continuing Disclosure Certificate and any and all other documents required to be executed on behalf of the State in connection with the sale and issuance of the 2016 Bonds.

Section 4. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the 6th day of June, 2016.

STATE OF ALASKA
STATE BOND COMMITTEE

CHRIS HLADICK
Commissioner, Department of Commerce
Community and Economic Development
Chair and Member
Alaska State Bond Committee

SHELDON FISHER
Commissioner, Department of Administration
Member
Alaska State Bond Committee

RANDALL HOFFBECK
Commissioner, Department of Revenue
Secretary and Member
Alaska State Bond Committee

Approved as to form:

Alaska Department of Law
State of Alaska

CERTIFICATE

I, the undersigned, Secretary of the State Bond Committee of State of Alaska (the "State"), and keeper of the records of the State Bond Committee (the "Committee"), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 2016-08 of the Committee (the "Resolution"), duly passed at a meeting thereof held on June 6, 2016.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Committee voted in the proper manner for the passage of said Resolution; that all other requirements and proceedings incident to the proper passage of said Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of June, 2016.

Secretary

CERTIFICATE

I, DEVEN J. MITCHELL, on behalf of the State of Alaska (the "State") Bond Committee and keeper of the records of the State Bond Committee (the "Committee"), DO HEREBY CERTIFY:

1. The attached resolution is a true and correct copy of Resolution No. 2016-08 of the Committee (the "Resolution"), duly adopted and executed at a special meeting thereof held on the 6th day of June, 2016.

2. Such special meeting was duly convened and held in accordance with law, and to the extent required by law, due and proper notice of such special meeting was given; a legal quorum was present throughout the meeting and a legally sufficient number of members of the Committee voted in the proper manner for the adoption of the Resolution; all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed; and I am authorized to execute this certificate.

3. The Resolution remains in full force and effect and has not been amended, modified, superseded or repealed since June 6, 2016.

Dated: ____ __, 2016

Deven J. Mitchell, Designated
Representative,
Department of Revenue,
on behalf of the
State Bond Committee

MEMORANDUM

STATE OF ALASKA
Department of Revenue

TO: State Bond Committee

DATE: June 2, 2016

FROM: Deven Mitchell
Debt Manager
Treasury Division

TELEPHONE: 465-3750

SUBJECT: Report

Rating Agency updates – On February 23, 2016 the Governor, Commissioner Hoffbeck, Deputy Commissioner Jerry Burnett, and myself met with all three rating agencies in New York City. The Governor presented his vision of the path forward for Alaska and his comprehensive fiscal plan. The meetings resulted in retention of the State's ratings for the 2016A general obligation bond issue. I have had at least four presentations or telephone calls with each of the rating agencies since that time. S&P was relatively clear in their latest write up that they will adjust the state's rating downward if some steps towards fiscal balance aren't made.

Knik Arm Crossing – The project's TIFIA loan application was denied in early 2016. I'm not sure where the project is at this point, but DOT, KAC staff continues to obtain approval for moving forward on the project. If it moves forward the State will issue up to \$300 million of subordinate toll pledge, state supported bonds. The anticipated debt service on these bonds to be paid from the general fund was up to \$20 million per year.

On January 13, 2016 the state sold via negotiated sale \$158 million of Alaska International Airport System revenue bonds comprised of a non-amt series and an amt series. The senior book running underwriter was Goldman Sachs & Co, co-senior underwriter was RBC Capital Markets, and co-managers were JP Morgan Securities LLC and Morgan Stanley & Co. LLC. Prior to the sale Goldman collected price views from the underwriting syndicate desks and Acacia prepared a summary of comparable sales that had been in the market. There was some lukewarm feedback from investors on Alaska, concern about the credit, not interested in energy credits, and over weighted portfolios. Despite this, Goldman recommended going with an aggressive strategy and went out with a scale that was equal to or through the lowest price view of every desk throughout all maturities for the pre-marketing/retail day. On the day of pricing Goldman further reduced yields on the AMT side. Following an order several period strip orders for the non-AMT bonds from several accounts were secured and yields were reduced by 5 basis points. On the AMT side it was a little more sparse with a book of orders from a variety of bonds for around 85% of the bonds. Yields were maintained at the offering levels. On January 28, 2016 the state sold via negotiated sale an additional \$19,745,000 of AIAS revenue bonds on a forward delivery basis (the bonds won't close until July 6, 2016).

On February 25, 2016 the state competitively sold \$130,315,000 of general obligation bonds to refinance the 2015 general obligation bond anticipation notes. The State received eight bids for the 20 year bonds and the low bidder was Bank of America Merrill Lynch with a True Interest Cost of 3.024343%. The cover bid was Barclays Capital Inc. with a True Interest Cost less than one basis point higher at 3.030314%. The bonds were closed on March 17, 2016.

Pension Obligation Bonds – the POB team has discontinued meeting as the Legislature made it clear that they would not support a transaction at this time.

Anchorage Legislative Information Office – It was determined that the procurement undertaken to enter the lease for the Anchorage LIO was illegal. This determination has further removed the issue from the concern of the State Bond Committee as having any impact on the state's credit. At this point it appears that the Legislature will discontinue their use of the building and move to an alternate location in mid-town Anchorage.